

CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors October 4, 2023

The Board of Directors of Central Harris County Regional Water Authority met in regular session, open to the public on October 4, 2023, in accordance with the duly posted notice of meeting. The roll was called of the duly constituted members of said Board of Directors, as follows:

Margaret L. Cox, President
Julian F. Boddy, Vice President
David Granadino, Secretary
Tom Gower, Assistant Secretary
Richard C. Meek, Assistant Secretary

all of whom were present, thus constituting a quorum.

Also attending the meeting were: Marcel Khouw and John Hale of IDS Engineering Group, Inc. ("IDS"), engineer for the Authority; Tina Tran of FORVIS, LLP ("FORVIS"), bookkeeper for the Authority; Jared Martin of Municipal Operations and Consulting, Inc. ("MOC"), operator for the Authority; Anna Katherine Parker of Quiddity Engineering, LLC, representing Harris County Municipal Utility District No. 200 ("No. 200"); Gilbert Miranda of Fallbrook Utility District ("Fallbrook"); Marcus Jones and Bridget Smith of Harris County Municipal Utility District No. 399 ("No. 399"); Oliver Agard of Harris County Municipal Utility District No. 150 ("No. 150"); Deborah Gower, wife of Director Gower; and Abraham I. Rubinsky and Eric Lai of Schwartz, Page & Harding, L.L.P. ("SPH"), attorneys for the Authority.

The President called the meeting to order and declared it open for such business as might regularly come before it.

COMMENTS FROM THE PUBLIC

Mr. Rubinsky noted that the first item on the agenda was to open the meeting for public comments. Mr. Agard inquired about the status of the implementation of the Authority's Drought Contingency Plan ("DCP"). Mr. Rubinsky advised that, in light of the City of Houston's ("COH") and the North Harris County Regional Water Authority's ("NHCRWA") implementation of their respective drought contingency plans, the Authority is still in Stage Two of its DCP and will remain in Stage Two until further notice.

APPROVAL OF MINUTES

The Board next considered approval of the minutes of its meeting held August 2, 2023. After discussion regarding the minutes, Director Boddy moved that the minutes of the meeting held August 2, 2023, be approved as presented. Director Meek seconded said motion, which unanimously carried.

STATUS OF THE AUTHORITY'S PROPOSED SALE OF \$5,000,000 CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY REVENUE BONDS, SERIES 2023 (THE "BONDS")

Mr. Rubinsky next addressed the Board concerning the status of the sale of the Authority's Bonds to the Texas Water Development Board ("TWDB"). In that regard, he advised the Board that the final interest rates had not been received from the TWDB in time for the Authority to proceed with the sale of the Bonds at tonight's meeting. After discussion on the matter, the Board deferred action relative to all items pertaining to the sale of the Bonds until its meeting scheduled for November 1, 2023.

BOOKKEEPER'S REPORT

Ms. Tran next presented the Bookkeeper's Report, a copy of which is attached hereto as **Exhibit A**, including Cash Flows for the Authority's various funds for the period commencing September 6, 2023 through October 4, 2023, the disbursements presented for payment from the Authority's accounts, a Summary of Investments, a Debt Service Schedule, a Budget Comparison for the month of August 2023 and the first eight months of the Authority's fiscal year ending December 31, 2023, and a Summary of Pumpage Fees and Surface Water Fees paid by Member Districts through August 31, 2023. After discussion, it was moved by Director Boddy, seconded by Director Granadino and unanimously carried, that the Bookkeeper's Report be approved and the disbursements listed therein be approved for payment from the Authority's various accounts.

ANNUAL REVIEW OF ORDER ESTABLISHING POLICY FOR INVESTMENT OF AUTHORITY FUNDS AND APPOINTING INVESTMENT OFFICER

The Board next considered the annual review of its Order Establishing Policy for Investment of Authority Funds and Appointing Investment Officer ("Investment Policy Order"), and the adoption of a Resolution in connection therewith. In that regard, Mr. Rubinsky reviewed the proposed changes to the Investment Policy Order. He also advised the Board that, as a result of the change in the Authority's Bookkeeper from Fran Matuska, Inc. to FORVIS, it would be necessary for the Board to appoint a new Investment Officer of the Authority. Mr. Rubinsky then discussed the specific responsibilities and duties of the Investment Officer and inquired as to whether any of the Directors wished to serve in such capacity. After discussion on the matter, none of the Directors expressed an interest in serving as Investment Officer of the Authority. Thereafter, it was moved by Director Gower, seconded by Director Boddy and unanimously carried, that (i) the Investment Policy Order be amended to reflect the proposed changes discussed by Mr. Rubinsky and to appoint FORVIS as Investment Officer of the Authority, (ii) the Board adopt the Resolution Regarding Review of Order Establishing Policy for Investment of Authority Funds and Appointing Investment Officer attached hereto as **Exhibit B** (with the amended Investment Policy Order attached thereto), and (iii) any prior order previously adopted by the Board establishing policies for investment of Authority funds and appointing an investment officer be revoked and rescinded effective today.

FINANCIAL ADVISOR'S REPORT

The Board deferred consideration of the Financial Advisor's Report after noting that a representative of The GMS Group, L.L.C. ("GMS") was not present at tonight's meeting. Mr.

Rubinsky then advised the Board that he had no new activity upon which to report regarding the Authority's review and final approval of the COH's FY 2019 through FY 2022 True Up Reports related to the operation and maintenance expenses of the Northeast Water Purification Plant ("NEWPP").

Mr. Rubinsky next addressed the Board concerning the correspondence received from the COH dated July 24, 2023, regarding the COH's adoption of its final FY 2024 water rate for the NEWPP of \$1.8197 per 1,000 gallons. Mr. Rubinsky advised the Board that John Howell of GMS will provide the Board with his recommendation regarding a potential increase in the Authority's groundwater pumpage fee and surface water rate after the sale of the Authority's proposed Series 2023 Bonds.

ENGINEER'S REPORT

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated October 4, 2023, a copy of which is attached hereto as **Exhibit C**, and updated the Board on the status of various matters of interest to the Authority.

Mr. Khouw reported to the Board the ground water usage, surface water usage, and total water usage, as well as the status of compliance with the Harris-Galveston Subsidence District ("HGSD") permit requirements, as detailed in the Engineer's Report.

Mr. Khouw advised the Board that notification was received from the engineer for Rankin Road West Municipal Utility District ("Rankin Road") that Rankin Road is proceeding with upgrades to its water plant, including the construction of a new 700 gallon per minute water well. Mr. Khouw stated that IDS will continue to coordinate with Rankin Road's engineer as the project progresses.

Mr. Khouw next addressed the Board regarding the COH's request for a possible tie-in to the Authority's 2025 Internal Distribution System to serve four (4) municipal utility districts located both north and south of Beltway 8 and in the vicinity of Veteran's Memorial Drive, which are participants in the COH's GRP. In that regard, Mr. Khouw advised the Board that IDS has completed its feasibility analysis and that it appears that the Authority can accommodate the COH's projected water demands to serve the four (4) subject municipal utility districts. After discussion on the matter, the Board expressed its concerns with approving the tie-in to the Authority's 2025 Internal Distribution System due to potential complications with delivery and metering as well as the costs associated therewith. The Board authorized IDS to provide the results of its analysis to the COH, and to consider the matter further at a later date.

Mr. Khouw next reported to the Board concerning IDS's attendance at a COH Water Supply Contract Advisory Committee meeting with regional water authorities and COH representatives on September 13, 2023. Mr. Khouw advised the Board that the current drought conditions in the Harris County area are causing numerous water line breaks and the COH is having difficulties meeting its water demands.

Mr. Khouw next addressed the Board concerning the status of the NEWPP Expansion Project, including the status of Early Work Package ("EWP") No. 1 (Site Grading), which is now complete, EWP No. 2 (Filter Module 1), EWP No. 4 (Raw Water Pipelines), and EWP No. 6

(Intake Pump Station and North Plant), as well as the Balance of the NEWPP, as further detailed in the Engineer's Report. Mr. Khouw reported that, overall, the project is now approximately 86% complete. Mr. Khouw advised the Board that the Houston Waterworks Team ("HWT") has submitted an updated schedule to the COH, which indicates that they do not anticipate achieving Phase I Substantial Completion until October 28, 2023 (251 days behind schedule), and Phase II Substantial completion until August 4, 2025 (13 days behind schedule). Mr. Khouw additionally reported to the Board regarding Consensus Item Nos. 34 and 35 submitted by the COH, as further detailed in the Engineer's Report. Mr. Khouw stated that all regional water authorities, including the Authority, have approved Consensus Item Nos. 34 and 35.

Mr. Khouw next reported to the Board concerning the status of construction of Phase I of the Northeast Transmission Line ("NETL"). Mr. Khouw advised the Board that twelve (12) out of the thirteen (13) projects that make up Phase I of the NETL are complete and that the final project should be complete before the end of this month.

Mr. Khouw next reported to the Board concerning the status of Phase II of the NETL, including Projects 25C, 25D and 25E, the segments of the North Harris County Regional Water Authority's ("NHCRWA") 84-inch transmission line in which the Authority is participating, which are all under construction and nearing completion. Mr. Khouw advised the Board that the new contractor for Project 25C, which is the section the Authority's take point is located within, has mobilized and that it is anticipated that Project 25C will be completed by February 8, 2024.

Mr. Khouw and Mr. Hale next reported to the Board regarding the status of the Authority's 2025 Internal Distribution System, as further detailed in the Engineer's Report, and IDS's communications with various agencies regarding final approval of the Authority's plans for construction of same. Mr. Khouw advised the Board that, because the Authority's surface water distribution line will cross a Kinder Morgan ("KM") pipeline twice, the Authority will be required to enter into a Consent to Encroachment Agreement with KM. Mr. Khouw reported that KM is requiring the pre-payment of inspection fees totaling approximately \$70,000 (\$5,000 per week) prior to the approval of the Consent to Encroachment Agreement. After discussion, the Board requested that Mr. Khouw and Mr. Rubinsky contact KM to discuss the matter further and to request KM proceed with the preparation of the proposed Agreement.

Mr. Khouw additionally advised the Board that a SCADA system is anticipated to be installed with the 2025 Internal Distribution System which will enable MOC to monitor the Authority's entire surface water distribution system. He advised the Board that he and Mr. Martin are evaluating the options for the proposed SCADA system.

Mr. Khouw next reported to the Board regarding the Luce Bayou Interbasin Transfer Project, as further detailed in the Engineer's Report. Mr. Khouw advised the Board that the Coastal Water Authority is moving forward to complete the build-out of the Capers Ridge Pump Station to its full capacity, including the addition of four (4) pumps and associated equipment.

OPERATOR'S REPORT

Mr. Martin presented to and reviewed with the Board a written Operator's Report for September 2023, a copy of which is attached hereto as **Exhibit D**. Mr. Martin reported to the Board regarding total ground water and surface water usage as well as total water usage within

the Authority for the most current billing cycle, as well as surface water accountability for the permit year to date, as reflected in the Operator's Report. A discussion ensued regarding the Authority's surface water usage over the past four (4) months and the measures to be taken in order to reduce the Authority's total surface water usage.

DISCUSSION REGARDING THE AUTHORITY'S DROUGHT CONTINGENCY PLAN

Mr. Rubinsky next advised the Board that, as discussed earlier in the meeting, the Authority is still in Stage Two of its DCP. Mr. Rubinsky stated that the Authority will continue to monitor the status of the implementation of the COH's and the NHCRWA's respective drought contingency plans.

IMPLEMENTATION OF REMOTE METER READING AND MONITORING SYSTEM

Mr. Rubinsky next advised the Board that he had no new activity upon which to report regarding the status of the implementation of the remote meter reading and monitoring system for the Authority and the related Right-of-Entry Agreements with each of the Member Districts.

DISCUSSION REGARDING PROPOSED EMERGENCY WATER SUPPLY AGREEMENT BETWEEN THE AUTHORITY AND NO. 200 AND PROPOSED AMENDMENT OF AUTHORITY'S RATE ORDER IN CONNECTION THEREWITH

The Board next deferred discussion relative to a proposed Emergency Water Supply Agreement between the Authority and No. 200 in connection with the Authority's purchase of ground water from No. 200 in the event of a loss of surface water.

REQUEST OF HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304 ("NO. 304") FOR REIMBURSEMENT OF SURFACE WATER CONVERSION COSTS AND RELATED EXPENSES

The Board next deferred discussion relative to No. 304's request for reimbursement of costs and payment of related expenses in connection with No. 304's prior conversion to surface water.

GOVERNMENT AFFAIRS UPDATE

Mr. Rubinsky next presented to and reviewed with the Board a Government Affairs Update dated October 4, 2023, a copy of which is attached hereto as **Exhibit E**. Mr. Rubinsky discussed potential issues to be considered during the Special Legislative Session commencing October 9, 2023. The Board concurred that no action was required in connection with such matter at this time.

STATUS OF ACQUISITION OF EASEMENTS AND OTHER PROPERTY INTERESTS IN CONNECTION WITH THE AUTHORITY'S 2025 INTERNAL DISTRIBUTION SYSTEM

Mr. Rubinsky next updated the Board concerning the status of the acquisition of easements and other property interests in connection with the Authority's 2025 Internal

Distribution System. Mr. Rubinsky advised that further discussion regarding said matter would be addressed in Closed Session.

ATTORNEY'S REPORT

The Board next considered the attorney's report. Mr. Rubinsky advised the Board that the COH and all of the regional water authorities are continuing to discuss the start up of Phase I of the NEWPP Expansion.

Mr. Rubinsky next addressed the Board concerning the status of the Authority's participation as Amicus Party in San Jacinto River Authority v. City of Conroe, Texas, and City of Magnolia, Texas. He reported that the Texas Supreme Court has agreed to consider the case in early 2024.

DISCUSSION REGARDING STATUS OF AUTHORITY WEBSITE AND OTHER COMMUNICATIONS WITH MEMBER DISTRICTS

There was no new activity reported in connection with the Authority's website or other communications with Member Districts.

CLOSED SESSION

At 7:10 p.m., the Board President announced that the Board would meet in Closed Session to consult with the District's attorney pursuant to matters authorized by Texas Government Code, Section 551.072 (acquisition of real property interests). At this time, all those present, with the exception of the Board, Mr. Khouw, Mr. Hale, Mr. Lai, and Mr. Rubinsky, exited the meeting.

At 7:35 p.m., the Board President announced that the Board would reconvene in Open Session. No action was taken by the Board following the Closed Session.

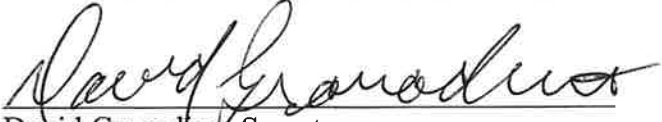
ITEMS TO BE PLACED ON NEXT AGENDA PERTINENT TO THE AUTHORITY

The Board considered items for placement on future agendas. Except as may be reflected above, there were no additional agenda items requested other than routine, ongoing matters.

Mr. Rubinsky noted that the next regular meeting of the Board is scheduled for Wednesday, November 1, 2023, at 6:00 p.m., at the offices of IDS.

ADJOURN MEETING

There being no further business to come before the Board, on motion made by Director Boddy, seconded by Director Granadino, and unanimously carried, the meeting was adjourned.


David Granadino, Secretary
Board of Directors

LIST OF ATTACHMENTS TO MINUTES

Exhibit A Bookkeeper's Report

Exhibit B Resolution Regarding Review of Order Establishing Policy for Investment of Authority Funds and Appointing Investment Officer

Exhibit C Engineer's Report

Exhibit D Operator's Report

Exhibit E Government Affairs Update